

July 19, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

IMPLICATIONS TO THE COUNTY ON REINSTATEMENT OF MEDI-CAL QUARTERLY STATUS REPORTING

On July 2, 2002, on motion of Supervisor Burke, your Board instructed my office to examine the proposed change from annual certification to Quarterly Status Reporting (QSR) for the Medi-Cal program and determine the fiscal implications, if any, to the County's Departments of Health Services (DHS) and Public Social Services (DPSS). This report summarizes the potential fiscal implication of the proposed change.

Although this issue is not included in the State budget package, our Sacramento advocates indicate that it is likely to be under consideration in the on-going State budget discussions. The County continues to oppose reinstatement of the QSR because of potential fiscal implications to the County's 1115 Waiver (Waiver), and it is contrary to existing County legislative policy to support simplification of Medi-Cal eligibility rules and application processes.

IMPACT ON DHS

The Waiver's terms and conditions prohibit the State from reinstating quarterly status reporting on a statewide basis. The Federal Centers for Medicare and Medicaid Services may suspend or terminate the Waiver if it determines the State "materially failed to comply" with its terms and conditions. DHS is scheduled to receive over \$400 million in Federal funds over the last three years of the Waiver, plus continued cost reimbursement of non-emergency outpatient services. The receipt of this funding is critical in light of DHS' projected \$709 million shortfall in fiscal year 2005-06.

Additionally, reinstatement of the QSR would result in a cost shift to the County as Medi-Cal coverage would erode. The cost shift would be due to a loss of Medi-Cal revenue for current patients who would no longer be Medi-Cal eligible or an increase in the number of uninsured patients seeking services at County facilities.

IMPACT ON DPSS

If Medi-Cal eligibility reporting is changed from annually to quarterly, there will be a decline in the monthly ongoing caseload and an increase in monthly intakes. There will also be a workload increase for eligibility staff:

Caseloads - Currently, Medi-Cal recipients are required to self-report any change in their situation within ten days. In addition, recipients' eligibility is evaluated during the annual redetermination process. Implementing QSR will require families to complete a quarterly report regardless of whether their situation has changed since the last redetermination. This proposal will not change the requirement to self-report. Reinstatement of QSR may result in increased terminations due to failure to report. However, families can reapply the next month.

Workload Increase - Eligibility staff will experience a workload increase since they now will be required to process QSRs. However, there should be no staffing impact since the current staffing yardsticks already include the workload associated with processing QSRs. In January 2001 when the QSRs were eliminated, DPSS did not adjust yardsticks to reflect the workload decrease.

It is anticipated that there will be no impact on the County's Medi-Cal allocation due to the change to quarterly reporting. No fiscal impact is anticipated for DPSS since the Medi-Cal program is fully financed by federal/State funding.

Please let me know if you need any additional information, or your staff may contact my staff, Gevork Simdjian at (213) 974-1318 for DPSS issues or Amy Bennett at (213) 893-9742 for DHS issues.

DEJ:DL
JJ:GS:ljp

c: Executive Officer, Board of Supervisors
County Counsel
Director of Health Services
Director of Public Social Services